

Exhibit A



STATE OF DELAWARE
OFFICE OF THE STATE BANK COMMISSIONER
1110 FORREST AVENUE
DOVER, DELAWARE 19904

WEB: BANKING.DELAWARE.GOV

TELEPHONE: (302) 739-4235
FAX: (302) 739-3609

IN THE MATTER OF THE APPLICATION BY :
CAPITAL ONE FINANCIAL CORPORATION TO :
ACQUIRE DISCOVER FINANCIAL SERVICES :
AND DISCOVER BANK, AND TO MERGE :
DISCOVER BANK WITH AND INTO :
CAPITAL ONE, NATIONAL ASSOCIATION :

FINDINGS AND DECISION OF THE STATE BANK COMMISSIONER

This matter comes before the State Bank Commissioner (the "Commissioner") upon the application of Capital One Financial Corporation ("Capital One") in connection with the proposed acquisition (the "Acquisition") of Discover Financial Services and Discover Bank, pursuant to the provisions of Section 844 of Title 5 of the Delaware Code and State Bank Commissioner Regulation 803, and, in connection with the proposed merger of Discover Bank with and into Capital One, National Association ("CONA"), the waiver of the 30% deposit concentration limit, pursuant to Sections 795H and 843(b) of Title 5 of the Delaware Code and State Bank Commissioner Regulations 712 and 803. The application of Capital One, including the public and confidential exhibits thereto (collectively, the "Application"), was filed with the Office of the State Bank Commissioner on March 21, 2024, and supplemented on May 15, 2024, June 26, 2024, August 7, 2024, August 8, 2024, August 19, 2024, and September 27, 2024. Notice of a public hearing on the Application was published in The News Journal and the Delaware State News on July 5 and July 10, 2024, in accordance with State Bank Commissioner Regulation 803.

A public hearing (the "Hearing") on the Application was held by the Commissioner, commencing at 1:00 p.m., on Friday, August 9, 2024, in Room 112 of the Tatnall Building, 150 Martin Luther King, Jr. Blvd. South, Dover, Delaware 19901. Representatives of Capital One and Discover who appeared at the Hearing in support of the Application were: Celia Edwards Karam, President of the Retail Bank of Capital One; Dan Capozzi, President of Consumer Banking of Discover Bank; Hope Mehlman, Chief Legal Officer and General Counsel of Discover Bank; and Andy Navarrete, Executive Vice President and the Chief External Affairs Officer of Capital One. Their statements included information regarding, among other things, how the Acquisition would serve the public convenience and advantage of the State of Delaware. Rashmi Rangan, Executive Director of the Delaware Community Reinvestment Action Council, appeared and spoke at the Hearing. Ms. Rangan requested that approval of the Application be

conditioned upon Capital One keeping its promises to Delaware. Brian Rosello, Director of Housing Finance of the Delaware State Housing Authority, Bernice Edwards, Executive Director of First State Community Action Agency, and Bill Pfaff, Director of Economic Development for Sussex County, Delaware, also appeared at the Hearing and spoke in support of the Application. Karen Evans, a customer of Discover Bank and CONA, appeared and spoke at the Hearing to request further information on the ramifications of the Acquisition on Discover Bank's customers with respect to credit score, products, and card benefits. At the Hearing, Mr. Navarrete responded to Ms. Evans' information requests. No other member of the public spoke at the Hearing. In connection with the Application and related applications filed with the federal banking agencies, a large number of written comments were submitted to the federal agencies. Among others, letters in support of the Acquisition were provided by Delaware Governor John C. Carney, Jr., United States Senators Thomas R. Carper and Christopher A. Coons, and Wilmington Mayor Michael S. Purzycki.

Based upon the record in this matter, which includes the Application, the supporting data filed in connection therewith, the statements and exhibits presented at the Hearing, and the correspondence from interested parties (collectively, the "Record"), the following constitutes the findings of fact and decision of the Commissioner:

Acquisition

1. On February 19, 2024, Capital One, Discover Financial Services, and Vega Merger Sub, Inc., a Delaware corporation and a wholly owned subsidiary of Capital One, entered into an agreement and plan of merger pursuant to which Vega Merger Sub, Inc. would merge with and into Discover Financial Services, with Discover Financial Services continuing as the surviving corporation; and immediately following such merger, Discover Financial Services would merge with and into Capital One, with Capital One continuing as the surviving corporation; and immediately following such merger, Discover Bank would merge with and into CONA, with CONA continuing as the surviving entity.

2. Capital One is an out-of-state bank holding company incorporated under the laws of the State of Delaware having its principal place of business in McLean, Virginia. CONA is an out-of-state bank having its main office in McLean, Virginia.

3. Discover Financial Services is a bank holding company located in Delaware incorporated under the laws of the State of Delaware having its principal place of business in Riverwoods, Illinois. Discover Bank is a Delaware bank having its main office in Greenwood, Delaware.

4. As of December 31, 2023, Capital One had total assets on a consolidated basis of approximately \$478.5 billion, consolidated total deposits of approximately \$348.4 billion, and consolidated total shareholders' equity of approximately \$58.1 billion, and was the twelfth largest bank holding company in the United States based on total assets. As of December 31, 2023, Capital One had, on a consolidated basis, a Tier 1 risk-based capital ratio of 14.2%, a total

Capital One/ Discover
Page 3

risk-based capital ratio of 16.0%, a leverage ratio of 11.2%, and a Common Equity Tier 1 risk-based capital ratio of 12.9%. Capital One is considered “well capitalized” under the regulations promulgated by the Board of Governors of the Federal Reserve System. Capital One primarily operates through its national bank subsidiary, CONA. CONA operates branches in seven states (Connecticut, Louisiana, Maryland, New Jersey, New York, Texas and Virginia) and the District of Columbia and offers a broad spectrum of financial products and services directly to consumers, small businesses and commercial clients, including retail and commercial deposits, credit cards, auto loans, small business and commercial loans, and cash management services. As of December 31, 2023, CONA had total consolidated assets of approximately \$475.6 billion and total deposits of approximately \$374.2 billion. As of December 31, 2023, CONA had a Common Equity Tier 1 risk-based capital ratio of 13.1%, a Tier 1 risk-based capital ratio of 13.1%, a total risk-based capital ratio of 14.3%, and a leverage ratio of 10.3%. CONA is considered “well capitalized” under the regulations promulgated by the Office of the Comptroller of the Currency.

5. The Application is in the proper form and contains the information required pursuant to Sections 844, 795H and 843(b) of Title 5 of the Delaware Code, and State Bank Commissioner Regulations 803 and 712. Copies of the completed applications submitted to the Board of Governors of the Federal Reserve System and the Office of the Comptroller of the Currency with respect to the Acquisition were filed with the Office of the State Bank Commissioner as exhibits to the Application. The filing fee and processing fee required in connection with the Application have been received by the Commissioner, and the required publication of notice of the Application and the Hearing was duly made.

6. Based on my review of the Record in these proceedings, I find that the Acquisition will not, based upon the managerial and financial resources, financial history and business plan of Capital One, adversely affect the safe and sound operations of Discover Bank. As Ms. Edwards Karam testified, the Acquisition will combine two organizations with strong, customer-oriented cultures and complementary business models. Mr. Navarrete testified that on consummation of the Acquisition, the capital and liquidity ratios of Capital One will remain well above regulatory requirements and consistent with supervisory expectations, and that Capital One will continue to maintain prudent capital and liquidity planning and associated risk management practices. Mr. Navarrete also testified that Capital One has implemented and maintains a strong and effective compliance risk management program, and has a strong enterprise risk management framework that is applied across all risk categories to provide for risk identification, management and reporting.

7. Based on the Record, I find that the Acquisition will not adversely affect the quantity or quality of financial services available to any Delaware community. Mr. Navarrete testified that following the Acquisition, Capital One has committed to maintain the geographic market currently served by Discover Bank, including Capital One’s maintenance of Discover Bank’s main office in Greenwood, Delaware, as a branch of CONA. Further, Mr. Navarrete testified that, following the Acquisition, CONA will continue to offer its products and services

Capital One/ Discover
Page 4

on a national basis, and Discover Bank's customers will have access to a broader set of products and services, including full service digital banking products and a network of branches and Capital One Cafés.

8. Based on the Record, I find that the Acquisition will not result in any undue concentration of resources or a substantial lessening of competition in the State of Delaware. Discover Bank operates its main office in Greenwood, Delaware, and has no other branch offices in the State of Delaware. Capital One does not have any branch offices in the State of Delaware and maintains a single office location in Wilmington, Delaware, that is an operational facility and that provides back office services to support CONA's web-based banking products and services. Mr. Navarrete testified that following the Acquisition, CONA would operate only a single branch in Delaware at the Discover Bank main office location in Greenwood, Delaware, and Delaware consumers would still have many options for their internet banking needs as there are numerous competitors offering these services on a national basis. The Acquisition will not have a significant effect on competition within the local Delaware financial services community.

9. Based on the Record, I find that the Acquisition will foster economic development and the financing of business enterprise to the end that employment opportunities will be retained or increased. Mr. Navarrete testified that Capital One and Discover Financial Services employ approximately 1,300 and 1,000 people, respectively, in the State of Delaware, and that, as noted in the Application, there is no current plan to reduce overall levels of employment among non-management personnel in Delaware following the Acquisition. Further, the testimonies of Ms. Edwards Karam, Ms. Mehlman, and Mr. Navarrete provided numerous examples of Capital One's and Discover Bank's commitments to, and community development activities in, the communities in which they operate. Ms. Edwards Karam testified that Capital One has ranked first or second among all banks in Community Reinvestment Act qualified community development funding by total dollar amount over the past six years, and from 2017 to 2022, provided close to \$625 million in capital to support affordable housing development in the State of Delaware. Ms. Edwards Karam testified that such funds have helped to create or preserve approximately 7,600 affordable housing units in Delaware. Ms. Edwards Karam also testified that in 2021, Capital One established a partnership with Delaware State University ("DSU") and donated a facility at the Wilmington Riverfront to DSU that provides 35,000 square feet of classroom, conference and office space to headquarter DSU's school for graduate adult and continuing education and its workforce development center. Ms. Edwards Karam testified that in 2023, Capital One associates contributed more than 7,000 volunteer hours to support its workforce development program. Ms. Edwards Karam also testified that Capital One is establishing a more robust recruiting pipeline for DSU and University of Delaware students in areas such as business analysis, technology, and product development. In her testimony, Ms. Edwards Karam also stated that Capital One has committed \$265 billion in lending, investment, and philanthropy over the next five years pursuant to a community benefits plan. This community benefits plan includes \$35 million in commitments to philanthropic support for Delaware nonprofits (including various community development financial institutions), and

Capital One/ Discover
Page 5

Capital One's commitment to maintain a Community Reinvestment Act assessment area in Sussex County, Delaware. Mr. Navarrete stated in his testimony that this community benefits plan includes \$600 million for support of community development financial institutions, and that Delaware community development financial institutions will receive significant benefits under the plan. Mr. Navarrete also stated that from 2020 to 2023, CONA made over \$5.2 million in Community Reinvestment Act qualified grants, over \$6.1 million of Community Reinvestment Act qualified investments, and over \$390 million of Community Reinvestment Act qualified loans within Delaware. Ms. Mehlman testified regarding Discover Bank's historic and committed community development activities, including its workforce development efforts targeted toward the local Delaware community, such as the financing of a low-income charter school STEM hub expansion to expose youth and their families to new careers, and providing employment support services for returning citizens and people with disabilities. The testimonies of Ms. Rangan, Mr. Rosello, Ms. Edwards, and Mr. Pfaff also noted the positive impacts of Capital One's and Discover Bank's community development activities in Delaware.

Deposit Concentration Limit Waiver

10. Based on data collected by the Federal Deposit Insurance Corporation (the "FDIC") and published in the FDIC Summary of Deposits as of June 30, 2023, which as of the date of the Hearing was the most recent date for which statewide deposit data was available for the State of Delaware, CONA and Discover Bank had deposits totaling \$224.2 billion and \$101.2 billion, respectively, booked to locations in the State of Delaware. As of June 30, 2023, based on the FDIC Summary of Deposits, the total amount of deposits of insured depository institutions in the State of Delaware was \$501.4 billion. Thus, based on the FDIC Summary of Deposits as of June 30, 2023, as a result of the Acquisition, Capital One and CONA would, on a combined basis, hold more than 30% of the total amount of reported deposits of insured depository institutions in the State of Delaware.

11. Based on the Record, I find that a waiver of the 30% concentration limit pursuant to Section 795H of Title 5 of the Delaware Code and State Bank Commissioner Regulation 712 (the "Concentration Limit Waiver") will serve the convenience and needs of the public of the State of Delaware. Mr. Navarrete testified at the Hearing that as of June 30, 2023, only approximately 1% of each of CONA's and Discover Bank's reported deposits in Delaware are attributable to customers who provide CONA or Discover Bank with a primary address in the State of Delaware. The vast majority of deposits reported in Delaware for CONA and Discover Bank are attributable to customers outside of the State of Delaware. CONA does not maintain any branch offices in the State of Delaware, and therefore has no locations that are open to the public and at which in person deposit services are available. Discover Bank maintains a single office, its main office, in the State of Delaware which is open to the public and at which in person deposit services are available. The Concentration Limit Waiver will not have a significant effect on competition within the local Delaware financial services community with respect to deposit services. Further, the Community Reinvestment Act compliance and

Capital One/ Discover
Page 6

performance records of Capital One and Discover Bank demonstrate strong commitments to serving the needs of their communities, and Capital One's community benefits plan submitted in connection with the Acquisition will provide substantial benefits to the public of the State of Delaware that will help foster economic development.

Conclusion

12. Having considered all of the Record, and in light of the foregoing findings, I conclude that the approval of the Application and the granting of the Concentration Limit Waiver will serve the public convenience and advantage and the convenience and needs of the public of the State of Delaware.

13. Considering all of the available information, I conclude that it is not necessary and, accordingly, would not be in the public interest to condition approval of the Application on a cooperative agreement or other formal commitment with regard to future activities. Following the Acquisition and the merger of Discover Bank with and into CONA, neither Capital One nor CONA will be regulated by the Commissioner. Both Capital One and CONA are regulated by federal banking agencies, and it would be more appropriate for those agencies to determine the need for a cooperative agreement or other formal commitment, in connection with the related applications made to those agencies.

ACCORDINGLY, it is the determination of the Commissioner that the Application is hereby approved and the Concentration Limit Waiver is hereby granted, subject to the receipt of all other required regulatory approvals. The issuance of a proposed Findings and Decision has been waived at the request of Capital One. Copies of these Findings and Decision shall be distributed to Capital One and to each person who appeared and made a statement at the Hearing. SO ORDERED.

Dated: December 18, 2024


Robert A. Glen
State Bank Commissioner